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Secretary Shultz

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The U.S. Approach to South Africa

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Following is a statement by Secretary Shultz before the Senate Foreign Relations Committee, Washington, D.C., July 23, 1986.

It is always a pleasure for me to appear before this committee, and especially today when I have an opportunity to expand on and support the President's ringing denunciation of apartheid yesterday, his call to South Africans of all races, and for all of us here who are interested in what happens in that troubled country, to have in our minds a vision of what can be if apartheid can be ended, and if and when a government where the rights of majorities, minorities, and individuals are respected by constitutional guarantees and where full advantage can be taken of the extraordinary resources and talents that are there. That is our vision; that is what we are trying to achieve. And third, the President called attention and specified what he takes to get there, primarily what it takes on the part of the people of South Africa to get there. And he talked about the role of the United States in helping to support those objectives. It was an important, vigorous, and principled statement of which we can be proud.

We Americans are witness to a mounting tragedy in South Africa that stirs our emotions and prompts us to ask ourselves those very American questions: what can we do about apartheid? What can we do about the violence and destruction it generates and about the spill-over effects of South Africa's trauma on its many neighbors? How can we help all South Africans build a just and prosperous society? Those are our questions, and I recognize them in the statements that have been made here.

In the past few months, the situation in South Africa has taken a further, sharp turn for the worse. Slender hopes for peace and reconciliation have fallen victim to a headlong rush toward violence. Doors that need to be open have been slammed shut. Forces of political fragmentation and racial polarization have been set loose. They will be very difficult to contain.

Our policy toward any region takes into account changing facts on the ground. While our goals and basic purposes remain constant, U.S. interests and values, and hence our actions, are directly affected by what happens. We have reviewed the southern African situation. We have concluded that, despite narrowing odds, we should be doing all we can to reverse an impending tragedy. In my remarks to you today, I will describe the forces at work in South Africa and the region, discuss the broad approach which President Reagan outlined yesterday in his speech, and make clear what actions we think make sense in this new situation.

What Must Be Done

But, first, I want to outline the approach the President and I believe we must follow.

First, it is the leaders of South and southern Africa and their people, black and white, who have the major responsibility. The fate of southern Africa is in their hands. This is their drama, their dilemma, their challenge. But they are not alone. We are prepared to talk to all of them and to help them talk to each other. We and our allies will engage our influence in every way possible to help them meet the challenge. But, most fundamentally, it is they who must rise to it.

Second, the nature of the challenge the South African Government faces is clear. Progress toward peace there requires:

- A timetable for the elimination of all apartheid laws;
- The release of all political prisoners, including—especially—Nelson Mandela;
- The unbanning of black political movements;
- An end to repressive measures, especially the state of emergency; and
- The urgent beginning of dialogue among all parties, leading to a democratic system of government in which the rights of majorities, minorities, and individuals are protected by a bill of rights and firm constitutional guarantees.

Third, the choices before black South Africans are equally clear. We call on them:

- To avoid the easy descent into violence, terrorism, and extremism;
- To demonstrate by their actions that they understand the need for compromise;

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• To remember that they may soon share the responsibility for governing and reconstructing South Africa—I would say sooner or later, the sooner the better, that they will share it and they have to think that way, that responsibility; and

• To seek out and accept realistic openings for dialogue and negotiation with the government.

Fourth, our policies and those of our allies should ensure that expanded political liberties in a postapartheid South Africa are accompanied by an expansion of economic opportunities for all South Africans. This will require an expanding South African economy that is strong enough to meet South Africa's pressing social and economic needs, healthy enough to raise black living standards rapidly toward those of whites, and open and vigorous enough to spur economic development regionwide.

Finally, a free South Africa is essential to the kind of southern Africa we and most southern Africans seek. Only a South Africa which preserves Africa's strongest and most developed industrial economy can galvanize a dynamic and balanced regional economy, mobilize capital and labor, spread advanced technology and management, and strengthen trade and transport ties. Only a South Africa of democratic freedoms can foster such freedoms beyond its borders. In this connection, there is no place in our vision for South African forces in Namibia or Cuban forces in Angola. Both the South Africans and the Cubans must go home.

These are the objectives to which all our efforts must be directed. This is our approach. We commend it to the American people. We commend it to our allies. And we commend it to African peoples and their leaders across the continent. Let there be no doubt—no doubt whatsoever—about what the American Government and people stand for. I dare say, in listening to your comments and reading things that all of you have said from time to time, that on these objectives and these steps, which are the guts of the matter, there is broad bipartisan agreement.

The Current Situation and Its Implications

Now let me review the current situation and its implications. It is essential to understand the facts in southern Africa to judge what the results of various courses of action by the United States might be. I have said there is a bad situation, getting worse. Let us look more deeply at what is going on and what it means.

The market is speaking clearly about where the hardening positions of the South African Government and its violent opponents are taking South Africa. South Africa is under siege by self-imposed economic sanctions. Foreign capital, technology, and expertise are pulling out. Currency controls, import controls, and import-substitution policies cannot replace them.

The index of South African business confidence now stands at only three-fourths of what it was in 1980. Gross fixed capital formation fell by 40% in 1985 and is continuing to decline. Gross domestic product was down by 1% in the first quarter of this year. There is net emigration among whites for the first time since 1977. Most significantly, an increasing number of the country's skilled professionals are leaving.

Over the past year, the book value of American investment in South Africa has fallen by about a third. Investment from other countries is falling by comparable orders of magnitude, and voluntary disinvestment is accelerating. Nearly 200 corporations are in various stages of disengagement from the South African economy.

The commercial rand has depreciated to less than 40¢, from $1.28 in 1980. The financial rand, used for offshore transactions, now trades around 20¢. Despite the government's frequent and heavy interventions in the exchange markets, South Africa's currency shows no sign of recovery. Capital flight between September 1985 and March of this year was about $1 billion, equivalent to more than a month of imports. Sweeping exchange controls have not staunched the outflow, which seems to be accelerating. There is no new lending from abroad. In the past, South African foreign exchange reserves have been sufficient to cover 5–6 months of imports. Now they barely cover 1 month's imports. Ninety-five percent of this year's debt service payments have had to be rescheduled.

The government is holding the prime rate at an artificially low 14%. Inflation persists at 17.5%, so interest rates are, in fact, negative. This should stimulate borrowing and investment—no doubt that's their intent. Nevertheless, real borrowing has fallen by 5%. And rates of investment are now so low that they cannot cover the depreciation of plant and equipment. The wages of white workers rose by 10.5% from mid-1984 to mid-1985, but inflation then stood at 15%, leaving them worse off. The fall in the standard of living for whites has since accelerated. Real per capita income is declining even more rapidly for blacks.

The turn toward a siege economy only increases the size and cost of government at the expense of productive economic activity and the tax base. Three-fifths of employed Afrikaners and one-fifth of the English-speaking white workforce already work for the South African Government or its agencies. Military callups under the state of emergency are diverting additional resources out of the productive sector. The recent arrests of labor leaders have brought chaos to labor-management relations, adding further to the economy's woes.

Unemployment among urban blacks now stands at 25% and runs over 50% in some urban areas. And, for the first time since the National Party came to power, white unemployment is a serious problem. From March 1985 to March of this year, 40,000 whites lost their jobs. There are over 250,000 new job seekers in South Africa every year; the economy needs real growth rates of 5% just to keep unemployment at current levels. With no growth in prospect, the country cannot create jobs for either blacks or whites.

South Africa has costly economic and social problems which cry out to be addressed. For example, 3–4 million new housing units will be required over the next 15 years. Public health demands immediate attention, with only 1 doctor for every 25,000 people in the rural areas. Black education is grossly underfunded. The South African Government, to its credit, is trying to increase the amounts of money it devotes to addressing these problems. But the state of emergency is imposing additional heavy burdens on the country's budget, as are the government's military adventures in the region.

Current developments are, in fact, eroding the capacity of any future South African Government to address the country's problems. They are causing South Africa's economic base to deteriorate. Skilled manpower is fleeing the country. Domestically generated capital is bleeding away. These developments are looting South Africa of the patrimony on which its reconstruction in the postapartheid era must rest. They should be of concern to all who hope to see a prosperous, democratic South Africa emerge from the miseries of apartheid. They should be of as much concern to South African blacks as to whites.

Only the establishment of a system that answers the aspirations of the South African people for justice and

equality and ends policies and actions that put South Africa at odds with all its neighbors can open the path to prosperity and progress for all, not just in South Africa but throughout the southern African region.

With so many opponents of apartheid in jail under the state of emergency, leaders on both sides find it hard to meet, much less negotiate. Politics in South Africa is increasingly polarized and shrill; suspicion and mistrust abound. The youth, black and white, are being schooled in a style of politics that sees violent retribution, rather than open debate, as the natural reaction to any expression of views different from their own. The rising violence provokes terrorism from extremists on all sides, which, in turn, elicits more extreme measures by both the government and its opponents in what is becoming a cruel game of oneupmanship.

These trends have implications that resound well beyond South Africa's borders and affect all of southern Africa. Until 1985, the regional picture showed signs of hope. Our diplomatic efforts were having clear success. This conflict-ridden region was moving, albeit fitfully, toward negotiated solutions. Tireless American diplomatic efforts had brought South Africa, Angola, and other parties within range of a possible accord on Namibia's independence under UN Security Council Resolution 435 and on a timetable for Cuban troop withdrawal from Angola. After a period of confrontation, the Nkomati accord between South Africa and Mozambique created a framework for economic cooperation and good neighborly relations. This agreement contained regionwide potential for leashing the dogs of war and ending Mozambique's endless agony of poverty and strife. Fragile, but substantive, exchanges were occurring betwen South Africa and other neighbors to resolve cross-border security problems. We support continued efforts by South Africa's neighbors to stop guerrilla operations from their territory.

I might say that 2 days after South Africa's raid into Botswana, the Foreign Minister of Botswana was in my office, and she told me that on the day before the raid she had been exchanging telexes with the South African Government about still another meeting on security-related matters, having to do with cross-border violence. And she stated her view and her government's view that they did not want to harbor any terrorists, and if South Africa would tell them where they are, they'd get after them. And that night she was greeted by the raid, and who was killed in the raid? A government official who spends his off hours teaching school, hardly a terrorist. So it's a tragedy. Nevertheless, I think the efforts of South Africa's neighbors to stop guerrilla operations from their territory are essential, and we support them.

These hopeful beginnings have been dealt body blows by the events of the past 18 months. South African strikes against Lesotho, Zambia, Botswana, and Zimbabwe and Pretoria's continued relationship with the Mozambican rebel movement have shattered the emerging climate of regional moderation. Soviet-armed ANC [African National Congress] guerrillas have embarked upon expanded terrorist violence inside South Africa, dragging neighboring states inexorably into a cauldron of conflict with a South African Government increasingly eager to shift the blame for its internal woes to its neighbors. The MPLA [Popular Movement for the Liberation of Angola] regime in Angola, encouraged by massive Soviet arms shipments, has used South African attacks and internal problems as an excuse to suspend negotiations and pursue an illusory military option against UNITA [National Union for the Total Independence of Angola]. Despite hints of possible flexibility, the MPLA has refused to respond constructively to our 1985 compromise proposals on Namibia and Angola or to explore South Africa's professed readiness to begin implementation of a compromise plan now.

This new shift toward political confrontation is paralleled by economic trends. South Africa and its neighbors are diverting increasingly scarce resources to their security forces. Internal strife and socialist inefficiency in Angola and Mozambique have severely damaged or destroyed the region's natural transport infrastructure, rendering landlocked neighbors increasingly dependent on costly long-distance routes through South Africa. All you have to do is look at a map and you see how nonsensical from a rational economic point of view what's happening is. The Benguela rail line—long of importance for the Zairian and Zambian mining industries—is hostage to Angola's civil war. Rail and road links to Tanzanian and Mozambican ports—and the ports themselves—are functioning at a mere fraction of their potential capacity. For eight of its neighbors, South Africa now provides the outlet for 25%–100% of their export trade; and it has 75% of the region's rail network; provides a major source of electric power to four neighbors; and is the source of most neighbors' imported chemicals, foodstuffs, petroleum, and machinery. It is estimated that as many as 10 million people in nearby states live on the remittances of foreign workers in South Africa.

Appeals by African states for mandatory economic sanctions against South Africa represent a political message to us. Yet those states cannot themselves implement such sanctions and would be the first victims of South African countermeasures now being loudly brandished as a threat by Pretoria. Don't forget, we're not the only ones that can put on sanctions. And the declining pace of economic activity in South Africa itself will have direct and predictable results among its neighbors as capital, expertise, and job opportunities are victims of South Africa's downward slide. We need to understand clearly that the human tragedy in South Africa is occurring in the economic hub of a region that includes a dozen states with some 150 million people. The damage inflicted on South Africa by the marketplace, by political measures of governments, and—above all—by the South Africans themselves is rippling across and dragging down an entire region.

The fundamental cause of all this damage is the system of apartheid and the mounting and inevitable reaction to it. Apartheid must be brought to an end and be replaced by a democratic system of government in which the rights of majorities, minorities, and individuals are protected by a bill of rights and firm constitutional guarantees.

Now, that is a rather laborious summary of some of the trends that are taking place, and I personally believe it is quite sobering. And I think it is quite clear that if you are wondering if there is a message being sent, it is being sent. It's being sent diplomatically, it's being sent politically, it's being sent economically, and it's being sent with violence, unfortunately. I think there is some merit to the argument that the message delivered by the marketplace is a more powerful and deeper message than a message that might be delivered by some action that would be taken here. If you impose a political sanction, you are, in effect, saying that there is capital and business and everything that is just dying to get in here and take advantage of those opportunities, and you are going to stop it from doing so. It is more devastating to realize that without any such interposition capital is not coming; capital is leaving, and the economy is in a rapid downward spiral. That is a very powerful message being delivered, and I think you should think twice before you piggyback on it and to a certain extent disturb it. Now, let me turn to the role of the United States.

The Role of the United States

South Africa is now a society ruled by fear. Fear on the part of whites that their property and their values, which they cherish, will be destroyed if blacks attain real political power. Fear on the part of blacks that they will be subjected to even greater violence and repression and despair that their legitimate grievances will ever be redressed. South Africa's true friends can and must make the case that there are actions to be taken to alter this climate of fear and despair.

For if South Africa is now a country in torment, it is also one of enormous potential. Both the South African Government, which now seems so unconcerned about international opinion, and its black opponents, who often seem to dismiss the efforts of the outside world to help, still look to us for understanding and support. South Africans, in short, continue to search for solutions. We should help in this search.

Through several Administrations, including this one, U.S. policy has sought the elimination of apartheid and rapid peaceful change to a democratic system. Our voice has, of course, been only one of many urging the South African Government to act. South Africans—some inside, many outside the government—have expressed quiet appreciation for the role we have played in opposing forced removals of populations, detentions of individuals, and abuse of detainees. We believe that our support for an end to apartheid has made it easier for the South African Government to go forward with the politically divisive process of ending the pass laws, expanding rights of residence and private property ownership, and restoring citizenship to those from whom these rights were stripped in an earlier era.

We are proud to stand with South Africans who feel as strongly about what replaces apartheid as they do about the urgent need to end it. And our role has gone beyond moral suasion. We and U.S. businesses have not just spoken, we have acted by bringing black and white South Africans together in the workplace and in our homes on the basis of friendship and equality. American business has spent over $200 million outside the workplace since 1977 to prepare black South Africans for the postapartheid society they anticipate. The U.S. Government has allocated $45 million in this fiscal year and the coming one for the same purpose. We want to do more. I might say, I believe that rather than excoriating American businesses who are there in South Africa, they should be praised. They have performed magnificently. They have put into place in their workplaces standards that show the way, and they have acted as really good citizens in the community. We can be proud of what they have done. We don't want them to leave there; they're a force for good, they're a force for progress. But, of course, they are leaving.

The President has forcefully articulated our strategy and the results we seek from it. Getting there from here will require both patience and courage on our part. We must not become part of South Africa's problems; we must remain part of their solution. We must not aim to impose ourselves, our solutions, or our favorites in South Africa; such an intrusion would be unwanted and unwise for any outside party. But we must always be willing to help South Africans in their search for their own answers to their country's ills.

Our access to various groups and individuals gives us openings for using diplomacy and political and moral persuasion—the most effective tools available to us in these dangerous times. We continue to urge the South African Government to communicate with all parties, and it makes sense for the United States to do the same, and we will. Like our allies, we intend to raise the level and the frequency of our contact with the South African Government's black opposition, including—among others—the African National Congress.

We have serious questions about the ultimate objectives of the ANC, as well as about the role in its inner circles of the Soviet-controlled South African Communist Party. We are also disturbed that the ANC appears to be imitating the South African Government's preference for violence and intimidation rather than dialogue with its opponents. But the ANC has emerged as an important part of the South African political equation. There is a compelling need to ensure that its leaders—like other opponents of apartheid—hear an authoritative statement of U.S. policies and interests and that we have equally authoritative insight into theirs. And, I might say, with Nelson Mandela as their president—I have never met him, but I've talked to many who have, and uniformly they come away from their meetings with him, thinking very highly of him as an individual.

In our diplomacy, we are trying to assist an unhappy nation and its diverse peoples lay the basis for a better future. Our moral responsibility each day must be to think through the results of our actions. When President Reagan signed his Executive order on South Africa last September, he said that he wanted to work with Congress to increase bipartisan support for U.S. policy toward that country. In his speech yesterday afternoon, he added:

> America's view of apartheid has been, and remains, clear. Apartheid is morally wrong and politically unacceptable. The United States cannot maintain cordial relations with a government whose power rests upon the denial of rights to a majority of its people, based upon race.
>
> If South Africa wishes to belong to the family of Western nations, an end to apartheid is a precondition. Americans... are united in this conviction.

U.S. policy proceeds from that premise. Our purpose is to underscore our message to the South African Government that the United States—its Executive, its legislature, and most importantly, its people—reject apartheid and that we, like growing numbers of the South African people, want it replaced by a genuinely democratic system in which all can participate, regardless of race.

Coordination With Allies

In this connection, it is vital to coordinate what we do with our principal allies. American influence in South Africa is limited. But the influence of the industrialized democracies of the EC [European Community], Japan, and the United States as a group is significant. Together we constitute South Africa's major trading and investment partners. Together we embody the values of the democratic world that South Africans of all races seek to join. Together we stand a better chance of helping them to do so.

In the coming weeks, both the Commonwealth nations and the European Community will be consulting about possible measures aimed at inducing positive change in South Africa. In those contexts, a broad range of measures has been put forward. These include punitive actions such as commodity import bans, further export/import and investment restrictions, curtailing air travel and visa facilities, and various other political sanctions. They include measures to protect our interests against the possibility of catastrophe, such as coordination of stockpiling policies for strategic minerals from South Africa. Let's not forget that we import some very important commodities from there. Other positive measures have also been proposed, such as increased aid to apartheid's victims. We have our own ideas

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and are prepared to join our allies in formulating a common approach. As the President said yesterday, however, it cannot make sense—politically, economically, or morally—to compound the suffering of an entire region and remove our remaining influence as a gesture of outrage. That is not responsible.

A special EC emissary, British Foreign Secretary Sir Geoffrey Howe, has also been mandated to visit the region to pursue possibilities for negotiations. He is now in South Africa. He will meet today with State President Botha and expects to meet with him again on July 29. The President and I conferred with Sir Geoffrey last week. He has our full support in the difficult mission he has undertaken. His findings and his recommendations at the conclusion of the trip will have a major bearing on the decisions we shall be considering in concert with our allies. His mission, and our diplomacy, will aim at restoring the hopes for dialogue first kindled by the Eminent Persons' Group, whose negotiating concept made more headway than many thought possible.

We cannot, and should not, attempt to deal with the crisis in South Africa in isolation from the disastrous consequences it can have for the entire southern African region. Accordingly, I am asking AID [Agency for International Development] to join the Department of State in our consultations with our allies.

We will consider a range of positive measures that would give substance to the President's wish to promote economic progress throughout the southern African region. South Africa now dominates an economically irrational regional transport network that provides high-cost outlets for all of its neighbors except Angola, and which renders them vulnerable to retaliation and economic penalties. These front-line states have shorter, more economic alternatives, but these routes have deteriorated over the years, are inefficient, and require upgrading. We and our allies have already begun to work on a program of rehabilitating some transportation links. Similarly, we intend to pursue ways of opening the region to more commerce, developing transportation routes and industry along the major alternative corridors, adding to the locomotive and rolling stock of the front-line states, and stimulating more trade between South Africa's neighbors.

For example, the Beira corridor through Mozambique is a natural egress to the sea for many of the landlocked southern African states. It is an economic, if partial, alternative to dependence on South Africa for states as far away as Zaire, which now sends 43% of its mineral and metal exports through the South African road and railway system. Development of the Beira corridor could be vital to the future economic growth of the region, lowering export costs, and improving terms of trade, regardless of what happens in South Africa. Support for this project would lay a more balanced foundation for economic relations between the front-line states and a postapartheid South Africa.

Investments in regional transportation and trade development projects are not simply gestures against South African domination of the economies of its neighbors. These are solid foundations for the future of the regional economy.

These investments would also reduce the extent to which we depend on South Africa for access to the region's mineral supplies. U.S. participation in these positive, forward-looking programs demonstrates to all the front-line states our commitment to the region's postapartheid future. They are subjects of vital interest to everyone concerned about what happens in southern Africa after apartheid has passed into history. We intend to consult closely with Congress on these and other proposals that address the problems of the region.

The Role of Congress

Here I want to point out the obligation we all share toward Africa, the poorest continent. We all know the grim statistics of Africa's economic crisis. But there is also a message of hope as nation after nation discards discredited statist economic development policies. African leaders have joined a growing chorus—heard loud and clear at the UN Special Session on Africa in May, which I attended and found to be an inspiring event, as you see that change in thinking that's going on throughout that continent—that recognizes that free market forces are the key to ending the continent's economic tailspin. Now is the time for Americans to be at Africa's side economically. This Administration has played a leading international role in helping shape the new policy consensus on Africa. Resource flows have expanded to enable us to back Africa's winners and support the politically costly process of policy reform.

But congressional foreign assistance levels threaten this important American achievement. We have many important priorities and responsibilities around the globe, including in Africa. To be effective, our foreign policy and national strategy must, I repeat, must be adequately funded. And, ladies and gentlemen, it is not being adequately funded in the kind of budget numbers that are being talked about. It is being cut to ribbons, and our ability to do anything constructive in the area we're focusing on today, let alone other areas, is being reduced to a shambles. And so I wonder when I hear of all the calls for economic sanctions against South Africa whether people have thought of the economic price tag for southern Africa. Instead of focusing on how much damage we can do in sending a message, let's send a message to South Africa's neighbors of our support for their economies, their infrastructures, and their independence. But it costs money, and we don't have it.

Meanwhile, I know this committee has before it several legislative proposals designed to send messages to the South African Government. These proposals include the House bill, which amounts to a declaration of economic war on the people of southern Africa. Its passage would end our capacity to have any positive influence on the struggle for justice and human rights in southern Africa. Other legislation, although less extreme, would similarly weaken our ability to have a positive effect on what happens in South Africa.

The President and I share the sense of outrage at the situation in South Africa that has led you and your colleagues in the House to consider these actions. We are prepared to take action, with our allies, to change the mix of our pressures—positive and negative—to meet the rapidly changing course of events in South Africa and to play an essential supporting role in advancing South Africans toward the objective of a decent, democratic, prosperous, and civilized society for all who live there.

But I want forcefully to underscore the need for us to have maximum flexibility to carry out our diplomacy. This is not a situation in which we can afford to be locked in the straitjacket of rigid legislation, no matter how well intended or carefully drafted to anticipate events that may or may not occur. There's a lot taking place right now and over the next month or so, and you can't foretell it. We need the authority to act. Presidential discretion is necessary to introduce new measures if we conclude that they are necessary, or—equally important—to lift some should real progress be made. Remember, we're not talking about whether measures should be taken or not. There are lots of things in place. They go back to the early 1960s when President Kennedy joined other countries in embargoing shipment

of arms to South Africa, and they've continued since, including the President's Executive order. So there are lots of things there. The question you have before you is whether you're going to pull the final pin and leave.

We feel strongly that the way to proceed is not to take actions that assuage our indignation but aggravate the currently deteriorating situation in South Africa. And, as I've said, from the standpoint of economic sanctions they're doing it to themselves. And it's a very powerful message to them to say, look, the way you're conducting yourself, never mind what anybody else thinks, you're ruining yourself. There's no hope for your economy unless you turn it around. It's not what somebody else is doing to you; it's what you are doing to yourself, which, of course, is saying if you want to change, you can change. We need to maintain our capacity to play a role in the emergence of a new South Africa. We must not condemn the inhabitants of the South Africa of the future to a life of economic stagnation. The way to proceed is not to punish those South Africans persecuted by apartheid but to target pressure on those who defend and enforce apartheid. The way to proceed is not, in short, to add to the misery of South Africans but to set about helping them solve South Africa's problems and to build a society of expanding liberties and economic opportunities.

Conclusion

Let me sum up. The South African Government has, by its policies, isolated itself politically and diplomatically. Its most recent actions are having the effect of isolating it economically as well. If current trends continue, the outlook for South Africa is dismal. In such a South Africa, there will be no winners, only losers. We have a different vision of South Africa's future. We want a democratic and prosperous South Africa, where all races participate politically and economically, at the center of a peaceful and rapidly developing southern African region. To achieve this, apartheid must go. All South Africans need to be represented in negotiations to determine the system of government that will replace it. Such negotiations are urgent. We cannot prescribe their outcome. But our policies and actions must be calculated to encourage the process of peaceful change and help it along.

And to do this, we must, as I have indicated, coordinate with our allies for maximum effect. The international consultations we have begun and our own review process, as well as our gauging of South African Government intentions, will all come to a conclusion in September, when further exchanges with our key allies will cap the process of coordination between us. We will be coming to you for your support and will consult closely with you as we examine how we can best achieve the results we all want.

Upcoming events give State President Botha ample opportunities to set out on a path that would take South Africa out of its present stalemate. He'll be speaking to his party convention, as I understand it, on August 12. We urge him to seize such opportunities. The responsibility to save South Africa from the violence, impoverishment, and hopelessness into which it is slipping rests first and foremost with the South African Government. It is that simple. If courageous and far-sighted decisions are taken, South Africans will find us ready to join with our allies in helping them to build a better future for all the people of their country. The industrialized democracies must be prepared to take actions to help South Africans hasten apartheid to an early end and to help them replace it with a democratic society in which the rights of all are respected and protected. ■

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